

Shreveport-Bossier Convention and Tourist Bureau

Financial Statements

As of and For the Year Ended December 31, 2012

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana

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Independent Auditors' Report

To the Board of Commissioners
Shreveport-Bossier Convention and Tourist Bureau

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Shreveport-Bossier Convention and Tourist Bureau as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Shreveport-Bossier Convention and Tourist Bureau's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Shreveport-Bossier Convention and Tourist Bureau as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the budgetary comparison information on pages 3-8 and 25, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013, on our consideration of Shreveport-Bossier Convention and Tourist Bureau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shreveport-Bossier Convention and Tourist Bureau's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 21, 2013

SHREVEPORT-BOSSIER CONVENTION AND TOURIST BUREAU

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Shreveport-Bossier Convention and Tourist Bureau's financial performance provides an overview of the Shreveport-Bossier Convention and Tourist Bureau's financial activities for the fiscal year ended December 31, 2012. Please read it in conjunction with the Bureau's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Shreveport-Bossier Convention and Tourist Bureau's net position decreased by (\$377,471) or 6.9%.

The Shreveport-Bossier Convention and Tourist Bureau's total general and program revenues were \$5,132,294 in 2012 compared to \$5,331,449 in 2011.

During the year ended December 31, 2012, the Shreveport-Bossier Convention and Tourist Bureau had total expenses, excluding depreciation, of \$5,369,584.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Shreveport-Bossier Convention and Tourist Bureau as a whole and present a longer-term view of the Bureau's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Shreveport-Bossier Convention and Tourist Bureau's operations in more detail than the government-wide statements by providing information about the Shreveport-Bossier Convention and Tourist Bureau's most significant funds.

Reporting the Shreveport-Bossier Convention and Tourist Bureau as a Whole

Our analysis of the Shreveport-Bossier Convention and Tourist Bureau as a whole begins on page 9. One of the most important questions asked about the Shreveport-Bossier Convention and Tourist Bureau's finances is "Is the Shreveport-Bossier Convention and Tourist Bureau as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Shreveport-Bossier Convention and Tourist Bureau as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Shreveport–Bossier Convention and Tourist Bureau’s *net position* and changes in them. You can think of the Shreveport–Bossier Convention and Tourist Bureau’s net position – the difference between assets and liabilities – as one way to measure the Shreveport–Bossier Convention and Tourist Bureau’s financial health, or *financial position*. Over time, *increases* or *decreases* in the Shreveport–Bossier Convention and Tourist Bureau’s net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Bureau’s property tax base, to assess the overall health of the Bureau.

In the *Statement of Net Position* and the *Statement of Activities*, we record the funds maintained by the Shreveport–Bossier Convention and Tourist Bureau as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the Shreveport–Bossier Convention and Tourist Bureau are reported here which consists primarily of personal services, materials and supplies, tourism projects, communications, advertising, travel, repairs and maintenance and other program services. Occupancy taxes finance most of these activities.

Reporting the Bureau’s Most Significant Funds

The Shreveport–Bossier Convention and Tourist Bureau has only one fund – General fund, which is a governmental fund. Our analysis begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the general fund maintained by the Shreveport–Bossier Convention and Tourist Bureau – not the Shreveport–Bossier Convention and Tourist Bureau as a whole. The Shreveport–Bossier Convention and Tourist Bureau’s *governmental fund* uses the following accounting approaches:

Governmental funds – All of the Shreveport–Bossier Convention and Tourist Bureau’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Shreveport–Bossier Convention and Tourist Bureau’s general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Shreveport–Bossier Convention and Tourist Bureau expenses. We describe the relationship (or differences) between governmental *activities* (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

THE SHREVEPORT-BOSSIER CONVENTION AND TOURIST BUREAU AS A WHOLE

The Shreveport-Bossier Convention and Tourist Bureau's total net position changed from a year ago, decreasing from \$5,441,242 to \$5,063,771.

Table 1
Net Position

	Governmental Activities	
	2012	2011
Current and other assets	\$3,251,084	\$3,610,051
Capital assets	3,059,338	3,178,871
Total assets	<u>\$6,310,422</u>	<u>\$6,788,922</u>
Current liabilities	126,651	142,680
Long-term liabilities	1,120,000	1,205,000
Total liabilities	<u>1,246,651</u>	<u>1,347,680</u>
Net position:		
Investment in capital assets	1,939,338	1,973,871
Restricted for tourism	3,915	124,239
Unrestricted	3,120,518	3,343,132
Total net position	<u>\$5,063,771</u>	<u>\$5,441,242</u>

Net position of the Shreveport-Bossier Convention and Tourist Bureau's governmental activities decreased by \$377,471 or 6.9% for the year ended December 31, 2012 and increased by \$541,192 or 11.04% for the year ended December 31, 2011.

Table 2
Change in Net Position

	Governmental Activities	
	2012	2011
Revenues		
Program revenues		
Intergovernmental grants - contributions	\$ 1,194,155	\$ 594,277
General revenue		
Occupancy tax	3,922,234	4,725,098
Miscellaneous revenues	7,563	4,809
Interest income	8,342	7,265
Total revenues	<u>\$ 5,132,294</u>	<u>\$ 5,331,449</u>
Expenses		
Convention	751,633	771,003
Tourism	2,425,846	1,269,587
Communications	1,636,799	2,073,215
Administrative	643,037	620,355
Interest on long-term debt	52,450	56,097
Total expenses	<u>5,509,765</u>	<u>4,790,257</u>
Increase (decrease) in net position	<u>\$ (377,471)</u>	<u>\$ 541,192</u>

Total revenues decreased \$199,155 (3.7%) from total revenues in the year ended December 31, 2011 of \$5,331,449 to total revenues of \$5,132,294 in the year ended December 31, 2012.

The decrease was due to a decrease in the occupancy taxes assessed and occupancy rates in the service area.

THE BUREAU'S FUNDS

As the Bureau completed the year ended December 31, 2012, its governmental fund (as presented in the balance sheet on page 11) reported a fund balance of \$3,114,901, which is less than last year's fund balance of \$3,456,739. The primary reason for the decrease is due to the decrease in occupancy taxes assessed and occupancy rates in the service area.

General Fund Budgetary Highlights

The Bureau adopted a budget for its General Fund for the year ended December 31, 2012. There was one amendment to the budget during the year. The original and final budget amounts reflects the one budget amendment to reduce budgeted revenues for the decrease in occupancy taxes assessed and occupancy rates in the service area. The Bureau's

budgetary comparison is presented as required supplementary information and shown on page 25.

Highlights for the year are as follows:

- Revenues received were in substantial agreement with the amended budgeted amounts. Revenues were substantially lower than original budgeted amounts due to a decrease in the occupancy taxes assessed and occupancy rates in the service area.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2012, the Shreveport–Bossier Convention and Tourist Bureau had invested \$3,059,338 in capital assets compared to \$3,178,871 at December 31, 2011. (see table 3 below)

	2012	2011
Land	\$ 339,000	\$ 339,000
Buildings and improvements	2,641,719	2,751,708
Furniture and fixtures	14,378	20,453
Equipment	10,052	13,762
Vehicles	54,189	53,948
Total assets	<u>\$3,059,338</u>	<u>\$3,178,871</u>

Major additions included:

Equipment	\$	\$ 8,365
Vehicle	20,648	39,069
Total	<u>\$ 20,648</u>	<u>\$ 47,434</u>

More detailed information about the capital assets are presented in Note 3 to the financial statements.

Table 4
Outstanding Debt At Year End

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenue bonds	<u>\$ 1,120,000</u>	<u>\$ 1,205,000</u>

More detail information above the debt is presented in Note 9 to the financial statements

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Shreveport–Bossier Convention and Tourist Bureau's management considered many factors when setting a fiscal year December 31, 2013 budget. Amounts available for appropriation in the governmental funds are expected to be approximately the same as 2012.

CONTACTING THE BUREAU'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Shreveport–Bossier Convention and Tourist Bureau and to show the Shreveport–Bossier Convention and Tourist Bureau's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the President at P.O. Box 1761, Shreveport, Louisiana, 71166.

Shreveport - Bossier Convention and Tourist Bureau
Statement of Net Position
December 31, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,011,900
Accounts receivable - occupancy tax	225,135
Accounts receivable - other	410
<i>Deferred bond issue cost</i>	13,639
Land	339,000
Capital assets (net)	<u>2,720,338</u>
<i>Total assets</i>	<u>6,310,422</u>
LIABILITIES	
Accounts payable	110,741
Accrued expenses	15,910
Long-term liabilities	
Due within one year-bonds payable	90,000
Due in more than one year-bonds payable	<u>1,030,000</u>
<i>Total liabilities</i>	<u>1,246,651</u>
NET POSITION	
Investment in capital assets, net of related debt	1,939,338
Restricted for tourism projects	3,915
Unrestricted	<u>3,120,518</u>
<i>Total net position</i>	<u><u>\$ 5,063,771</u></u>

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
Statement of Activities
For the Year Ended December 31, 2012

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Functions / Programs:</u>			
Governmental Activities			
Convention	\$ 751,633	\$	\$ (751,633)
Tourism	2,425,846	1,194,155	(1,231,691)
Communication	1,636,799		(1,636,799)
Administrative	643,037		(643,037)
Interest on long-term debt	52,450		(52,450)
Total governmental activities	<u>5,509,765</u>	<u>1,194,155</u>	<u>(4,315,610)</u>
General revenues:			
Occupancy taxes			3,922,234
Interest income			8,342
Miscellaneous			7,563
Total general revenues			<u>3,938,139</u>
Change in net position			(377,471)
Net position - beginning			5,441,242
Net position - ending			<u>\$ 5,063,771</u>

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
Balance Sheet
Governmental Fund
December 31, 2012

	<u>General Fund</u>
Assets	
Cash	\$ 3,011,900
Account receivable:	
Occupancy tax	225,135
Other	410
Total assets	<u>\$ 3,237,445</u>
Liabilities	
Accounts payable	\$ 110,741
Accrued expenses	11,803
Total liabilities	<u>122,544</u>
Fund balance	
Restricted	3,915
Committed	436,486
Assigned	2,021,000
Unassigned	653,500
Total fund balance	<u>3,114,901</u>

Amounts reported for governmental activities in the statement of net position are different because:

Deferred bond issuance costs are capitalized and amortized over the life of the bond issue for the government-wide statements, but are reported as expenditures in the governmental funds.	13,639
Long-term liabilities, including bonds payable and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds.	(1,124,107)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	<u>3,059,338</u>
Net position of governmental activities	<u>\$ 5,063,771</u>

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2012

	General Fund
Revenues	
Occupancy taxes	\$ 3,922,234
Intergovernmental revenues	1,194,155
Other income	8,342
Interest income	7,563
	<hr/>
Total revenues	5,132,294
	<hr/>
Expenditures	
Current	
Convention	716,588
Tourism	2,390,801
Communication	1,601,754
Administrative and general	607,991
	<hr/>
Capital outlay	20,648
	<hr/>
Debt service:	
Principal	85,000
Interest	51,350
	<hr/>
Total expenditures	5,474,132
	<hr/>
Excess (deficiency) of revenues over expenditures	(341,838)
	<hr/>
Fund balance at beginning of year	3,456,739
	<hr/>
Fund balance at end of year	\$ 3,114,901
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Shreveport - Bossier Convention and Tourist Bureau
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2012

Net change in fund balance - total governmental fund	\$	(341,838)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$140,181) exceeded capital outlay (\$20,648) in the current period.		(119,533)
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The repayment of principal of long-term debt consumes current financial resources of governmental funds.		85,000
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, however, interest expense is recognized as the interest accrues in the statement of net assets.		311
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Governmental funds report the effect of issuance cost when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities for amortization of bond issue costs.		(1,411)
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Change in net position of governmental activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">(377,471)</div>
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The accompanying notes are an integral part of this statement.

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2012

INTRODUCTION

The Shreveport–Bossier Convention and Tourist Commission was created by and in accordance with the provisions of Act 19, State of Louisiana 1970 and has been amended several times since. In 1995 the original Commission was replaced by a new Commission which is a political subdivision of the State of Louisiana (LSA–R.S. 33:4574). The Commission voted to operate as a public agency effective January 1, 2001, and to continue to operate under the name of Shreveport–Bossier Convention and Tourist Bureau (the Bureau).

The Bureau was created to promote the convention and visitor industry of the Shreveport–Bossier metropolitan area to the greatest possible extent, *using the proceeds of an occupancy tax derived from a three percent tax levied upon the occupancy of hotel rooms, motel rooms and overnight camping facilities within the jurisdiction of the Commission and revenue from other sources as may be arranged by The Bureau.* The Board of Commissioners is composed of seventeen members and are appointed and serve terms based upon representation of benefiting groups in accordance with the State law which created the Commission. Board members receive no compensation for their services.

(1) Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Bureau have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Shreveport–Bossier Convention and Tourist Bureau are discussed below.

B. Reporting Entity

State law states that the Bureau shall be a body politic and political subdivision of the State of Louisiana.

The basic criterion for determining whether a governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. *Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship.* In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

The Board of Commissioners is composed of seventeen members and are appointed and serve terms based upon representation of benefiting groups in accordance with the State law which created the Commission. Also, *four different public bodies are required to approve the Bureau's budget each year.*

For these reasons, the Bureau is considered a separate local public entity and is not considered a component of any parish or other local government.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2012
(Continued)

C. Basic Financial Statements – Government-Wide Statements

The Shreveport–Bossier Convention and Tourist Bureau's basic financial statements include both *government-wide* (reporting the funds maintained by the Shreveport–Bossier Convention and Tourist Bureau as a whole) and *fund financial statements* (reporting the Shreveport–Bossier Convention and Tourist Bureau's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Shreveport–Bossier Convention and Tourist Bureau's general fund is classified as governmental activities. The Shreveport–Bossier Convention and Tourist Bureau does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The Shreveport–Bossier Convention and Tourist Bureau's net position is reported in three parts – *invested in capital assets net of related debt, restricted net position, and unrestricted net position.*

The government-wide Statement of Activities reports both the gross and net cost of each of the Shreveport–Bossier Convention and Tourist Bureau's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. *Program revenues of the Bureau consist of contributions and operating grants from other governments.* The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Shreveport–Bossier Convention and Tourist Bureau as an entity and the change in the Shreveport–Bossier Convention and Tourist Bureau's net assets resulting from the current year's activities.

D. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Shreveport–Bossier Convention and Tourist Bureau are recorded in an individual fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The fund is reported by generic classification within the financial statements.

The following fund type is used by the Shreveport–Bossier Convention and Tourist Bureau:

Governmental Fund – the focus of the governmental fund's measurement (in the fund statements) is *upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources)* rather than upon net income. The following is a description of the governmental fund of the Shreveport–Bossier Convention and Tourist Bureau:

- a. The general fund is the general operating fund of the Shreveport–Bossier Convention and Tourist Bureau. It is used to account for all financial resources.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Bureau's general fund was determined to be a major fund.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2012
(Continued)

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental fund in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Shreveport–Bossier Convention and Tourist Bureau consist principally of occupancy taxes levied upon occupancy of hotel rooms, motel rooms, and overnight camping facilities, other intergovernmental revenues, and interest income. Occupancy taxes are recognized in the period in which the underlying exchange has taken place. Interest income is recorded when earned. Intergovernmental revenues are recorded when received because they are generally not measurable until actually received.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Depreciation is not recognized in the governmental fund financial statements.

F. Budgets

The Bureau uses the following budget practices:

- (1) Bureau Management prepares a proposed budget and submits it to the Board of Commissioners for approval.
- (2) After completion of all action necessary to finalize and implement the budget, the budget is adopted at least fifteen days prior to the commencement of the fiscal year for which the budget is being adopted.
- (3) The budget document is structured such that revenues are budgeted by source and appropriations are budgeted by function and by object. Budgetary amendments require approval of the Board of Commissioners.
- (4) *All budgetary appropriations lapse at the end of each fiscal year.*
- (5) The basis of accounting applied to budgetary data presented is substantially consistent with the appropriate basis of accounting for the fund.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2012
(Continued)

G. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and investments, if any, with original maturities of 90 days or less. *Under state law, the Bureau may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.*

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

H. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more for equipment and \$10,000 for improvements are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	7 – 30 years
Furniture and fixtures	5 – 10 years
Equipment	3 – 10 years
Vehicles	4 – 7 years

I. Compensated Absences

The Bureau has the following policy relating to vacation leave:

Employees of the Bureau earn vacation leave each year. The Bureau allows 40 hours of vacation leave to carry forward to the next year. The cost of leave privileges, computed in accordance with the above policy, is recognized as a current-year expenditure within the various funds when leave is actually earned.

J. Occupancy Tax Revenue

Occupancy tax revenue represents a three percent tax levied by the Shreveport–Bossier Convention and Tourist Commission upon the occupancy of hotel room, motel rooms, and overnight camping facilities within Caddo and Bossier Parishes. Occupancy tax revenues (and related receivables) are considered derived tax revenues to be recognized when the underlying exchange takes place, i.e. when the facilities are rented.

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2012
(Continued)

During 1999, the Shreveport-Bossier Convention and Tourist Commission levied an additional 1.5 percent tax. Three fourths of one percent of the new tax is dedicated for capital improvements, repairs, and maintenance of Independence Stadium and the remaining three fourths of one percent is to be used for the same purposes for which monies from the fund created by R.S. 47:302.3 are used. This additional 1.5 percent tax is collected by the tax collecting agencies in Caddo and Bossier Parishes and sent directly to the City of Shreveport and the City of Bossier City. The additional 1.5 tax is not reflected in the financial statements of The Bureau.

K. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

L. Net Position

Government-wide net position is divided into three components: Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by the Bureau's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (less related liabilities and deferred inflows of resources). All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Bureau's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

M. Deferred Bond Issuance Cost

In conjunction with the issuance of revenue bonds for the purpose of construction and improving facilities, bond issuance costs were incurred. These costs are capitalized in the government-wide financial statements and amortized on a straight line basis over the term of the new bond issue. Included in interest expense for the year ended December 31, 2012 was amortization of \$1,411.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of related debt.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2012
(Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. *Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the Board of Commissioners (the Bureau's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the Board of Commissioners removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).*
4. Assigned fund balances are amounts that are constrained by the Bureau's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned fund balance are the residual classification for the Bureau's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the Bureau's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

(Continued)

Shreveport–Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2012
(Continued)

(2) Cash and Cash Equivalents

At December 31, 2012, the Bureau has cash and cash equivalents (book balances) totaling \$3,011,900 in interest bearing demand deposits and money market accounts. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. As of December 31, 2012, the Bureau's collected bank balances were secured from credit risk by \$443,450 of federal deposit insurance. The remaining \$2,525,304 was exposed to custodial credit as uninsured deposits protected and collateralized with pledged securities held by the custodial bank's trust department in the Bureau's name.

Even though the pledged securities are considered uncollateralized (Category 2) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Bureau that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2012
(Continued)

(3) Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance at Jan. 1, 2012	Additions	Deletions	Balance at Dec. 31, 2012
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 339,000	\$	\$	\$ 339,000
Capital assets, being depreciated:				
Buildings and improvements	3,293,088			3,293,088
Furniture and fixtures	70,096			70,096
Equipment	73,666			73,666
Vehicles	111,830	20,648	20,000	112,478
Total capital assets, being depreciated at historical cost	<u>3,548,680</u>	<u>20,648</u>	<u>20,000</u>	<u>3,549,328</u>
Less accumulated depreciation:				
Buildings and improvements	(541,380)	(109,989)		(651,369)
Furniture and fixtures	(49,643)	(6,075)		(55,718)
Equipment	(59,904)	(3,710)		(63,614)
Vehicles	(57,882)	(20,407)	20,000	(58,289)
Total accumulated depreciation	<u>(708,809)</u>	<u>(140,181)</u>	<u>20,000</u>	<u>(828,990)</u>
Total capital assets, being depreciated, net	<u>2,839,871</u>	<u>(119,533)</u>		<u>2,720,338</u>
Governmental activities capital assets, net	<u>\$ 3,178,871</u>	<u>\$ (119,533)</u>	<u>\$</u>	<u>\$ 3,059,338</u>

Depreciation expense for the year ended December 31, 2012, was \$140,181. Depreciation expense was charged to the following governmental activities:

Convention	\$ 35,045
Tourism	35,045
Communications	35,045
Administrative	35,046
	<u>\$ 140,181</u>

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2012
(Continued)

(4) Pension Retirement Plan

The Bureau established a Deferred Compensation Plan pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, and a Governmental 401(a) Money Purchase Plan. GASB No. 32 requires governments to report Section 457 plans as expendable trust funds if they meet the requirements of NCGA Statement No. 1. The Bureau's Section 457 Plan does not meet this criteria; therefore the plan's assets and liabilities are not presented in the financial statements of the Bureau. *The Bureau's contribution to the Plan for the year ended December 31, 2012 was \$81,706.*

(5) Risk Management

The Bureau purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(6) Lease Commitments

At December 31, 2012, the Bureau had non-cancelable operating leases for various equipment.

Minimum annual commitments under non-cancelable leases are as follows:

2013	\$ 22,207
2014	20,194
2015	14,483
2016	<u>10,404</u>
	<u>\$ 67,288</u>

Total rental expenditures under operating leases for the year ended December 31, 2012, was \$30,222.

(7) Fund Balance Classifications

The constraints on fund balances as listed in aggregate are composed of the following:

Fund balances:

Restricted	
Tourism projects	\$ 3,915
Committed	
Marketing	336,486
Capital projects	100,000
Assigned	
Major events	101,000
Subsequent tourism operations	800,000
Retirement of long-term debt	1,120,000
Unassigned	<u>653,500</u>
	<u>\$ 3,114,901</u>

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011
(Continued)

(8) Subsequent Events

Subsequent events have been evaluated through June 21, 2013, the date the financial statements were available to be issued.

(9) Long-Term Debt

At December 31, 2012, long-term debt consisted of the following:

Revenue bonds, Series 2011, dated August 15, 2007, for construction, improvement of facilities. Payments on the debt are made semi-annually with annual debt service over 15 years of \$138,000 to \$146,000 through June, 2022. Interest rate on the bonds is 4.4%. Repayment of debt will be from the excess of annual revenues.

\$ 1,120,000

Changes in long-term debt for the year ended December 31, 2012 are summarized below:

	<u>Balance</u> <u>12-31-11</u>	<u>Issues</u>	<u>Payments</u>	<u>Balance</u> <u>12-31-12</u>	<u>Amount Due</u> <u>within One Year</u>
Bonds payable	\$ 1,205,000	\$ —	\$ 85,000	\$ 1,120,000	\$ 90,000

Annual requirements to retire long-term debt are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 90,000	\$ 47,300	\$ 137,300
2014	95,000	43,230	138,230
2015	95,000	39,050	134,050
2016	100,000	34,760	134,760
2017	110,000	30,140	140,140
2018-2022	630,000	71,940	701,940
	<u>\$ 1,120,000</u>	<u>\$ 266,420</u>	<u>\$ 1,386,420</u>

(Continued)

Shreveport-Bossier Convention and Tourist Bureau
Notes to Financial Statements
December 31, 2011
(Continued)

(10) Accounts Payable and Accrued Expenses

Accounts payable at December 31, 2012 consisted of regular trade payables.

Accrued expenses at December 31, 2012 consisted of the following:

Compensated absences	<u>\$ 11,803</u>
Total fund statements	11,803
Accrued interest payable	<u>4,107</u>
Total government-wide financial statements	<u>\$ 15,910</u>

(11) New Accounting Standard

Effective January 1, 2012, the Bureau implemented the following GASB statement: GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position.

Shreveport - Bossier Convention and Tourist Bureau
Required Supplementary Information
Budgetary Comparison Schedule
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget <i>Positive(Negative)</i>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Occupancy taxes	\$ 4,405,776	\$ 3,938,878	\$ 3,922,234	\$ (16,644)
Intergovernmental revenues	1,165,057	1,165,057	1,194,155	29,098
Other income	4,200	4,200	8,342	4,142
Interest income	2,400	2,400	7,563	5,163
Total revenues	<u>5,577,433</u>	<u>5,110,535</u>	<u>5,132,294</u>	<u>21,759</u>
Expenditures				
Current:				
Convention	958,361	958,361	716,588	241,773
Tourism	2,434,117	2,434,117	2,390,801	43,316
Communication	2,127,097	2,127,097	1,601,754	525,343
Administrative and general	625,272	625,272	607,991	17,281
Capital outlay	60,400	60,400	20,648	39,752
Debt service	138,020	138,020	136,350	1,670
Total expenditures	<u>6,343,267</u>	<u>6,343,267</u>	<u>5,474,132</u>	<u>869,135</u>
Excess (deficiency) of revenues over expenditures	(765,834)	(1,232,732)	(341,838)	890,894
Fund balance at beginning of year	1,513,287	1,513,287	3,456,739	1,943,452
Fund balance at end of year	<u>\$ 747,453</u>	<u>\$ 280,555</u>	<u>\$ 3,114,901</u>	<u>\$ 2,834,346</u>

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Certified Public Accountants

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Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Independent Auditors' Report

To the Board of Commissioners
Shreveport-Bossier Convention and Tourist Bureau

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Shreveport-Bossier Convention and Tourist Bureau as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Shreveport-Bossier Convention and Tourist Bureau's basic financial statements, and have issued our report thereon dated June 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Shreveport-Bossier Convention and Tourist Bureau's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Shreveport-Bossier Convention and Tourist Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Shreveport-Bossier Convention and Tourist Bureau's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport-Bossier Convention and Tourist Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
June 21, 2013

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana
Summary Schedule of Prior Year Audit Findings
December 31, 2012

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2011.

Shreveport–Bossier Convention and Tourist Bureau
Shreveport, Louisiana
Summary Schedule of Audit Findings
December 31, 2012

There are no findings or management letter comments for the current year audit for the year ended December 31, 2012.